

**WRITTEN STATEMENT OF RYAN STREETER
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INITIATIVES**

**U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT**



**FOR THE
UNITED STATES HOUSE COMMITTEE ON
GOVERNMENT REFORM,
SUBCOMMITTEE ON FEDERALISM AND THE CENSUS
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Thank you for the opportunity to describe the progress being made in a major initiative of President Bush and Secretary Jackson: improving the quality and effectiveness of government-funded social services by making faith-based and community organizations eligible to deliver those services.

President Bush has said that the Federal government should work with those organizations that “provide hope and provide inspiration, so that the American Dream is available in every corner in America.” Toward this end, he signed Executive Orders that ensure that all eligible faith-based and community organizations are able to compete on an equal footing for federal financial assistance in a way that upholds the Religion Clause of the Constitution.

HUD is actively implementing the President’s Executive Orders. We want to make sure that the very best service providers are helping all Americans realize the American Dream, and the Faith-Based and Community Initiative is a central part of that strategy.

Successfully implementing the President’s policies requires making changes inside and outside of HUD. Internally, outdated and long-standing departmental priorities have made it difficult for faith-based organizations to participate in HUD programs without fundamentally changing who they are. Now, with new regulations and practices in place, we are reaching out to faith-based and other grassroots organizations so they understand HUD: how it works, how to apply for funding, and what it takes to compete successfully for the funds.

One of the most significant internal changes we have made is to our regulations. Until recently, HUD had regulations governing nearly \$7.5 billion in grant funds that treated faith-based organizations in an unequal manner. For instance, two programs prohibited primarily religious organizations from receiving funds “for any activity including secular activities” as a general rule with overly restrictive exceptions to the rule. HUD finalized new rules for these programs in September 2003 and provided detailed guidance on how to implement the new rules in 2004. Also in 2004, HUD finalized a rule extending equal treatment provisions to all of HUD’s remaining programs. We now allow faith-based organizations engaging in eligible activities to apply for and receive funding for those activities. We do not require a group to fundamentally change its identity.

We are also clearer about what cannot be done. HUD’s old regulations prohibited “religious influences,” whatever those were. HUD’s new regulations clearly state that faith-based organizations may not use direct federal funds for “inherently religious activities, such as worship, religious instruction, or proselytization.” A group may continue to engage in such activities so long as they are not funded with direct government funds, are separate in time or location from the government program, and are voluntary for the Federal program’s beneficiaries. Furthermore, a direct-grant recipient

may not discriminate in the provision of services to a beneficiary based on the beneficiary's religion.

These changes to HUD's regulations have had a positive impact. Under HUD's old regulations, the Orange County Rescue Mission in California, an enterprising compassionate center for the homeless, had to return a \$1 million grant to HUD, in part because the word "chapel" hung over the door of a meeting hall even though no HUD-funded religious activities occurred in the facility. Under HUD's new regulations, the rescue mission is re-engaged with HUD and is signing a contract that will enable HUD funds to support the excellent work they do sheltering hurting families and providing them with hope and, ultimately, a much better life.

In Baton Rouge, Louisiana, a faith-based home for victims of domestic violence was told that it could not receive HUD funds because it engaged in prayer and other religious activities – even though these activities were voluntary and completely separate from the planned government-funded activities. When HUD changed its regulations, and helped the state of Louisiana to implement the regulation correctly, the organization successfully competed for a \$60,000 grant to do the good work that it had intended to do all along.

The point is this: HUD cares about results. Faith-based organizations that provide public services for the public good should not be excluded because of their faith, and our new regulations make this clear.

Another internal change at HUD involves our grant application process. All of HUD's Notices of Funding Availability explicitly state that faith-based and community organizations are welcome applicants. HUD recognizes that larger, repeat applicants often have an advantage over smaller, newer grassroots groups. In an attempt to level the playing field, HUD now awards a point in the grant scoring process to grassroots organizations, that is, small organizations that are rooted in their communities, serving their neighbors on a small budget.

These internal changes at HUD are essential to fulfilling President Bush's goals for the faith-based and community initiative, but they are not sufficient on their own. That is why HUD has also placed a strong emphasis on outreach and education.

One of the most significant barriers to the inclusion faith-based and community organizations is that they are out of the loop: they are unfamiliar with Federal grants-in-aid that can assist their mission and work, they have been told they have no business partnering with government agencies, or they have simply believed that government programs were not for them and the individuals they serve. In 2003, HUD responded to this problem by appointing faith-based and community liaisons in each of its 81 regional and

field offices. These liaisons spend significant amounts of time educating grassroots organizations about HUD, how it works, and how its funds and other resources can be accessed.

We have not stopped there, however. Another significant barrier has been the lack of understanding among small organizations about what makes a grant application successful. In 2004 HUD completed 180 free, two-day grant-writing seminars for faith-based and other community organizations all across the nation. More than 16,000 people from more than 10,500 organizations participated in these sessions, which consisted of hands-on, practical grant-writing training delivered by professionals. Of the organizations that attended the training, more than 25 percent had annual budgets under \$50,000, and more than a third were three years old or less as an organization—evidence that HUD is reaching a substantial number of truly grassroots groups. The demand for more sessions is evidenced by the waiting lists that nearly each training session produced, and so HUD is continuing to offer similar training sessions in 2005.

To support the Administration's commitment to increase homeownership for all Americans, including minority homeowners, HUD trained grassroots organizations in 5 cities on effective homeownership education. And this year HUD will study effective grassroots housing partnerships in 6 cities and educate mayors nationwide on how to replicate the cities' leading practices in their own communities.

HUD is committed to continuing its training of grassroots groups so that the pool of competitors for HUD funds is enriched and our services improved.

President Bush and Secretary Jackson have made it very clear that HUD cares about results. We are beginning to see the fruit of our labor in the Faith-Based and Community Initiative. We saw more first-time grantees each year between 2002 and 2004. The number of faith-based grantees and the dollars for which they have successfully competed rose last year. And this is only the beginning. HUD is committed to making sure that the most effective organizations receive the taxpayers' dollars to serve those who really need our help.

A level playing field is the best playing field. And those who suffer in poverty and despair deserve the best of playing fields. HUD understands this and will continue to ensure that all eligible organizations – regardless of their size, religious affiliation, or lack thereof – are able to compete fairly for HUD resources.